



Jan 8, 2018 | Lubomir Tassev (<https://news.bitcoin.com/author/lubomirtassev/>) |

South Korea to Cooperate with China and Japan on Regulation

(https://news.bitcoin.com/wp-content/uploads/2018/01/shutterstock_157409585_1600.jpg)

South Korean regulators are seeking cooperation with counterparts from Beijing and Tokyo to address cryptocurrency speculation. Six commercial banks have been targeted by Seoul authorities inspecting crypto trading. Korean experience is to help a

Also read: Vietnam Expedites Cryptocurrency Legal Framework – Ready End of January
(<https://news.bitcoin.com/vietnam-expedites-cryptocurrency-legal-framework-ready-end-of-january/>)

“Trial-And-Error” to Shape the Efforts

The Financial Services Commission of South Korea will be deepening cooperation with agencies from China and Japan in curbing speculative transactions. Deputy finance ministers from the Asian countries have already exchanged ideas last month, FSC's chairman Choi Jong-ku revealed during a press conference. Seoul aims to “set up a detailed system of cooperation” with Beijing and Tokyo, Choi said, quoted by Yonhap News Agency

(<http://english.yonhapnews.co.kr/news/2018/01/08/0200000000AEN20180108006200320.html?input=rss>). The nation's top financial regulator briefed media about the bank inspection (<https://news.bitcoin.com/korean-government-inspecting-banks-crypto-regulation-compliance/>) that will run through Thursday with the participation of the Korean Financial Intelligence Unit. He warned against what he called an “irrational trend” of investing in cryptocurrencies, noting the “ongoing fever of speculative investment”.

In Choi's words cryptocurrencies are unable to play a role as a means of payment. “A virtual currency only triggers side effects”, the regulator educated reporters. Fraud, illegal fundraising, hacking, speculation and manipulation of market prices were mentioned in a long list. The government official left the door open to shutting down all cryptocurrency-linked businesses to minimize the aforementioned effects, according to the Korean Herald (<http://www.koreaherald.com/view.php?ud=20180108000814>). Choi Jong-ku said the world was facing a “policy challenge pandemic” and added that Korea's “trial-and-error” experience can help shape trilateral efforts to implement regulations.



Choi Jong-ku

Trust, but Verify the “Gatekeepers”

been targeted. Last month authorities ordered banks to stop issuing the so called “virtual accounts” used by cryptocurrency exchanges to manage their clients’ money. A new system to end anonymous trading (<https://news.bitcoin.com/south-korea-end-anonymous-crypto-trading/>) and enforce real name identity verification on traders is to be implemented by the end of January.

The head of the FSC issued another warning in that respect: “Virtual currency transactions are highly susceptible to money laundering”, because of their anonymity, he said. Choi Jong-ku appealed to banks to act as “gatekeepers” when monitoring crypto-related transactions. He shared his concerns that they had remained silent about money flows for illegal uses. The ongoing investigation is supposed to determine if the banks have detected money laundering and non-real-name transactions, as they are required by law.



The Korean official complained that all regulators could do within the present legal framework was to order inspections.

Choi also noted that filling the regulatory vacuum would take time. Korean authorities are planning to impose stricter requirements for exchanges. Tougher sanctions for cryptocurrency related crimes are also on the way in a country that hosts some of the biggest providers of crypto exchange service. But strong measures against illicit acts will be enforced even before the legislation is revised, the regulator vowed, quoted by KBS Radio (http://world.kbs.co.kr/english/news/news_Ec_detail.htm?No=132979&id=Ec).

The exact sanctions that might be imposed on banks and exchanges remain unclear. Suspending virtual account services seems to be the only step authorities can take now and the FSC’s chairman confirmed that. Such accounts will be closed if inspectors uncover any illegal activities. Choi declined to comment on the new plans to tax cryptocurrency transactions and sanctions for tax evasion (<https://news.bitcoin.com/south-korea-tax-cryptocurrencies-current-law/>).

Images courtesy of Shutterstock and FSC.

*Need to calculate your bitcoin holdings? Check our tools
(<http://tools.bitcoin.com/>) section.*

(<https://news.bitcoin.com/author/lubomirtassev/>)

Lubomir Tassev (<https://news.bitcoin.com/author/lubomirtassev/>)

Lubomir Tassev is a journalist from tech-savvy Bulgaria, a country that often finds itself at the forefront of technological advances it cannot easily afford. Quoting Hitchens, Lubomir says: "Being a writer is what I am, rather than what I do".

International politics and economics are two other major sources of inspiration.